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AIR SUBCOMMITTEE OF THE ENVIRONMENTAL QUALITY SERVICE COUNCIL

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MEETING MINUTES¹

Meeting Date: November 8, 1999
Meeting Time: 9:30 A.M.
Meeting Place: Governmental Center South, 302 W.
Washington St.
Meeting City: Indianapolis, Indiana
Meeting Number: 6

Legislative Members Present: Rep. Richard Mangus.

Legislative Members Not Present: Sen. Kent Adams, Chairperson; Sen. Glenn Howard; Rep. Dale Sturtz.

The meeting was called to order at 9:38 a.m. At the invitation of Senator Adams, the Chairperson of the Subcommittee, Janet McCabe, Deputy Commissioner of the Department of Environmental Management (IDEM), officiated at the meeting. This meeting had the same purpose as the meeting of September 22: to gain information on air pollution credit trading/banking programs that might serve as the model for a program in Indiana.

Cynthia Lee, Technical Coordinator for the Jefferson County, Kentucky, Air Pollution Control District, spoke about the air pollution credit banking system in effect in Jefferson County, Kentucky. After presenting a brief history of her district's program, she made the

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following points:

- The air pollution credit banking program was last revised in 1996. It covers the metropolitan area of Louisville and two surrounding counties.
- Under her county's program, the banked air pollution credits are not property rights. Polluters do not hold credits; rather, the banked credits stay with the community. If an industrial entity closes, it leaves its credits in the community in which it was located. Credit holders can restore credits, but the credits cannot be brought out later or be reused.
- Greater Louisville, Inc., a local community development organization, maintains a "jobs per ton" indicator. This indicator is used to determine which of two businesses that might locate in the county will bring the more jobs to the community per ton of air pollution created.
- To seek credits under the Jefferson County program, a firm first demonstrates that its proposed reduction in air pollution is "creditable." The firm then writes a letter of explanation. The letter is reviewed by engineers and, if it meets the program's guidelines (i.e., it represents a realistic and proven pollution reduction above and beyond the requirements of Federal and State law), the credits are issued.
- In some cases, a firm's credits are held by agents or by the parent company because the firm wants to avoid being classified as a major polluter.
- The program's credit list is public record and trading is carried out under the program on a "like pollutant for like pollutant" basis.
- Environmental groups are happy with the program

Ms. Lee acknowledged that there are problems involving the retirement of banked credits that have expired (for instance, because the firm formerly holding the credits moved from the area). However, if credits are traded for prospective use within the community by an existing facility, she said, they are good forever.

Ms Lee said that questions about the Jefferson County air pollution credit banking system can be directed to Jonathan Trout at (502) 574-7251.

The subcommittee discussed the future direction of its activities regarding pollution credit trading/banking programs, including its potential response to the information presented on September 22 and November 8 on three programs in neighboring states. A lengthy discussion ensued on the merits of the three programs.

Ms. McCabe concluded the discussion with these remarks: IDEM will take on the task of putting together an outline that draws together certain elements of each of the three programs. The hope is to put together a document that resembles a specific working proposal for Indiana. The draft will be distributed before the next public discussion of this subject.

The meeting was adjourned at 11:09 a.m.